



## Experian's State of Credit report reveals consumers in cities hardest hit by recession show encouraging signs of financial recovery

*Third annual analysis shows consumers in Las Vegas, Bakersfield, Phoenix and other low-ranking cities improve scores*

### Overview:

In the third annual State of Credit report, Experian assessed nationwide data to determine the cities whose residents have the highest, lowest and most improved average credit scores. New this year, Experian also evaluated business credit data to provide additional insights into local economic conditions. As a measure of how consumers and businesses are managing their finances, credit scores are both a lagging and leading indicator of conditions in the broader U.S. economy.

The State of Credit study creates an opportunity for consumers to better understand the financial behaviors that dictate the information contained in a credit report so they can make informed financial decisions.

### Key Findings:

- For the second consecutive year, the average national credit score improved slightly – yet another sign of a long, slow economic recovery
- Signs of financial recovery are evident in many of the cities that have been the face of the recession
- Even the region that has historically struggled most with credit scores, the South, made gains this year
- Midwesterners continue to earn the highest scores
- While the country saw an increase in the number of new businesses opened and a decrease in business bankruptcies, businesses are struggling to pay their bills on time

**Average U.S. consumer credit score: 750**

#### Top 10 cities with the highest average consumer credit scores:

1. Minneapolis, MN, 787
2. Madison, WI, 786
3. Wausau, WI, 785
4. Sioux Falls, SD, 784
5. Cedar Rapids, IA, 783
6. San Francisco, CA, 783
7. Green Bay, WI, 781
8. La Crosse, WI, 779
9. Boston, MA, 778
10. Duluth, MN, 777

#### Bottom 10 cities with the lowest average consumer credit scores:

1. Harlingen, TX, 688
2. Jackson, MS, 702
3. Corpus Christi, TX, 706
4. Shreveport, LA, 708
5. Monroe, LA, 709
6. Augusta, GA, 710
7. El Paso, TX, 710
8. Myrtle Beach, SC, 710
9. Memphis, TN, 711
10. Savannah, GA, 713

#### Average business credit risk score for top 10 cities listed above:

1. Minneapolis, MN, 60.8
2. Madison, WI, 68.3
3. Wausau, WI, 68.4
4. Sioux Falls, SD, 75.6
5. Cedar Rapids, IA, 73.1
6. San Francisco, CA, 57.2
7. Green Bay, WI, 77.6
8. La Crosse, WI, 70.8
9. Boston, MA, 57.7
10. Duluth, MN, 66.6

#### Average business credit risk score for bottom 10 cities listed above:

1. Harlingen, TX, 45.6
2. Jackson, MS, 30.1
3. Corpus Christi, TX, 54.2
4. Shreveport, LA, 46.9
5. Monroe, LA, 35.7
6. Augusta, GA, 37.3
7. El Paso, TX, 52.7
8. Myrtle Beach, SC, 39.0
9. Memphis, TN, 40.4
10. Savannah, GA, 23.7



### **Cities with the most improved average consumer credit scores:**

1. Bakersfield, CA, 717 (709 in 2011)
2. Sioux Falls, SD, 784 (778 in 2011)
3. Tyler, TX, 715 (710 in 2011)
4. Wichita Falls, TX, 728 (722 in 2011)
5. Fort Myers, FL, 756 (750 in 2011)
6. Reno, NV, 746 (740 in 2011)
7. Dallas, TX, 727 (722 in 2011)
8. Las Vegas, NV, 714 (709 in 2011)
9. Greenville, NC, 734 (730 in 2011)
10. Phoenix, AZ, 737 (733 in 2011)

### **Consumer Credit Scores—Did You Know?**

- The national average consumer credit score is up one point to 750 from a score of 749 in 2011; this is the second straight year of an increase in the average score
- Minneapolis, Minn. retook the No. 1 spot, after losing it in 2011 for the first time in four years. Last year's No. 1, Wausau, Wisc., ranked No. 3 this year
- The average national debt is \$24,890 (up slightly from \$24,542 in 2011) with the average percentage of available credit down at 70.51 percent
- Las Vegas, Nev., Bakersfield, Calif. and Tyler, Texas all moved out of the bottom 10 and are among the most improved cities in the nation with some of the highest year-over-year percentage increases in their credit scores
- Midwesterners nearly swept the top 10 once again this year. San Francisco and Boston are the only non-Midwestern cities on the list
- Eight of the top 10 cities increased their scores, even as six of those 10 increased their debt; Nine out of 10 top ranking cities also improved their business scores
- Residents of the South continue to score lowest on average. All bottom 10 credit scoring cities are in the South. However, seven out of the 10 lowest scoring cities improved their credit scores this year; three of the 10 have reduced their debt
- Nine of the 10 top scoring cities have an unemployment rate that is lower than the national average of 8.2 percent. Of the bottom scoring cities, only two have unemployment rates below the national average.

### **Business Credit Scores—Did You Know?**

- The national average business credit score is 55 (down 4.4 percent from 57.5 last year)
- There was a 4.0 percent decrease in the number of business bankruptcies nationally over the past year
- There was an 11.3 percent increase in the number of new businesses established nationally over last year
- Las Vegas, one of the cities with the greatest improvements in consumer scores over last year, also saw:
  - A dramatic 64.4 percent increase in the number of newly established businesses
  - A decrease of 10.5 percent in its number of business bankruptcies
  - A 9.2 percent improvement in its business credit score



- In the South, while seven out of 10 cities showed improvements in their consumer credit scores, only one city, El Paso, increased its business credit score this year

### **Why should consumers pay attention to their credit scores?**

A credit score translates the information in an individual's credit report into a simple number that enables lenders to evaluate the level of risk involved in extending credit to that person. High credit scores are an important element considered by banks and lenders when making lending decisions. A good score can help consumers get the best loan rates or access to other lines of credit when they need them. As such, strong credit scores can help consumers achieve their financial goals and improve their overall financial well-being.

To learn more about how to proactively manage debt and build a positive credit history, consumers can log on to [www.livecreditsmart.com](http://www.livecreditsmart.com).

### **Analysis Methodology**

This analysis is based on a statistically relevant sampling of Experian's consumer credit database. Credit files analyzed had all personal identification information removed.

Credit scores for the State of Credit report were based on the average VantageScore® by designated market area (DMA) from January through June 2012. The numerical range used by VantageScore is 501-990, with higher scores representing a lower likelihood of risk.

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